



415 Hepplewhite Dr.
Johns Creek, GA 30022
770-649-1886 / fax 770-645-6545
www.bodamer.com

October 17, 2013

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

RE: WC Docket Nos. 10-90 and 11-42
Annual Report Pursuant to 47 C.F.R. §§ 54.313 and 54.422

Dear Ms. Dortch:

Mountain Rural Telephone Cooperative, Study Area Code 260414, by its authorized representative, files its FCC Form 481 – Carrier Annual Reporting Data Collection Form in compliance with 47 C.F.R. §§ 54.313 and 54.422.

The FCC Form 481 has been timely completed and submitted to the Universal Service Administrative Company and the Kentucky Public Service Commission.

Should you have any questions, please call me at 770-649-1886.

Sincerely,

A handwritten signature in black ink that reads 'Eileen M. Bodamer'. The signature is fluid and cursive, with the first name 'Eileen' and last name 'Bodamer' clearly distinguishable.

Eileen M Bodamer
Authorized Agent / Consultant to Mountain Rural Telephone Cooperative

Enclosures

Cc: Shayne Ison
Angie Pennington

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code	260414
<015> Study Area Name	MOUNTAIN RURAL COOP
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Eileen Bodamer
<035> Contact Telephone Number: Number of the person identified in data line <030>	770-649-1886
<039> Contact Email Address: Email of the person identified in data line <030>	Eileen@Bodamer.com

ANNUAL REPORTING FOR ALL CARRIERS			54.313 Completion Required	54.422 Completion Required
(check box when complete)				
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>	
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<210> <input type="checkbox"/> <-- check box if no outages to report				
<300> Unfulfilled Service Requests (voice)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<310> Detail on Attempts (voice)	(attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>	
<320> Unfulfilled Service Requests (broadband)		<input type="checkbox"/>	<input type="checkbox"/>	
<330> Detail on Attempts (broadband)	(attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>	
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<410> Fixed	<input type="text" value="0.0"/>			
<420> Mobile				
<430> Number of Complaints per 1,000 customers (broadband)		<input type="checkbox"/>	<input type="checkbox"/>	
<440> Fixed				
<450> Mobile				
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<510> <input type="text" value="260414KY510"/>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<610> <input type="text" value="260414KY610"/>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>	
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>	
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if yes, complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>	
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>	
<1010> <input type="text"/>	(attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>	
<1100> Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>	(if not, check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>	
<1110>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>	
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com
<110>	Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5	
<111>	year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

- <112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

 Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets
 <114> Report how much universal service (USF) support was received
 <115> How (USF) was used to improve service quality
 <116> How (USF) was used to improve service coverage
 <117> How (USF) was used to improve service capacity
 <118> Provide an explanation of network improvement targets not met in the prior calendar year.

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

-- See attached worksheet --

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

1/1/2013	
----------	--

[illegible]

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

10/08/2013

**(800) Operating Companies
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com
<810>	Reporting Carrier	Mountain Rural Coop
<811>	Holding Company	
<812>	Operating Company	

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select (Yes,No, NA)

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

<1120> Please check this box to confirm no terrestrial backhaul
options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers
broadband service of at least 1 Mbps downstream and 256 kbps
upstream within the supported area pursuant to § 54.313(G) ☐

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans 260414KY1210

Name of attached document (.pdf)

<1220> Link to Public Website HTTP _____

“Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒

<1222> Details on the number of minutes provided as part of the plan, ☒

<1223> Additional charges for toll calls, and rates for each such plan. ☒

(2000) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)}
- <2011> 3rd Year Certification {47 CFR § 54.313(b)(2)}

☐
☐
Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

- <2012> 2013 Frozen Support Certification
- <2013> 2014 Frozen Support Certification
- <2014> 2015 Frozen Support Certification
- <2015> 2016 and future Frozen Support Certification

☐
☐
☐
☐
Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

- <2016> Certification Support Used to Build Broadband

☐
Connect America Phase II Reporting {47 CFR § 54.313(e)}

- <2017> 3rd year Broadband Service Certification
- <2018> 5th year Broadband Service Certification
- <2019> Interim Progress Certification
- <2020> Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.
- <2021> Interim Progress Community Anchor Institutions

☐
☐
☐
☐

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan

(3010)	Milestone Certification {47 CFR § 54.313(f)(1)(i)} Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	<input type="checkbox"/>
(3012)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	Name of Attached Document Listing Required Information	<input checked="" type="checkbox"/> (Yes/No)
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}		<input checked="" type="checkbox"/> (Yes/No)
(3014)	If yes, does your company file the RUS annual report Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:		<input checked="" type="checkbox"/>
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input checked="" type="checkbox"/>
(3016)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	260414KY3017
(3018)	If the response is no on line 3014, Is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains :		<input type="checkbox"/> (Yes/No)
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications		<input type="checkbox"/>
(3020)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3021)	Management letter issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:		<input type="checkbox"/>
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	

**Certification - Reporting Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010> Study Area Code	260414
<015> Study Area Name	MOUNTAIN RURAL COOP
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035> Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039> Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Eileen Bodamer</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Eileen Bodamer
Name of Reporting Carrier:	MOUNTAIN RURAL COOP
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 10/08/2013
Printed name of Authorized Officer:	W Gillum
Title or position of Authorized Officer:	General Manager
Telephone number of Authorized Officer:	606-743-3121
Study Area Code of Reporting Carrier:	260414 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	MOUNTAIN RURAL COOP
Name of Authorized Agent or Employee of Agent:	Eileen Bodamer
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 10/08/2013
Printed name of Authorized Agent or Employee of Agent:	Eileen Bodamer
Title or position of Authorized Agent or Employee of Agent:	Authorized Agent
Telephone number of Authorized Agent or Employee of Agent:	770-649-1886
Study Area Code of Reporting Carrier:	260414 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

OMB Control No. 3060-0986/OMB Control No. 3060-0819

<010>	Study Area Code	260414
<015>	Study Area Name	MOUNTAIN RURAL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

$\langle 220 \rangle$

[illegible]

(800) Operating Companies	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

July 2013

Mountain Rural Telephone Cooperative
47 CFR§54.313(a)(5) Certification that it is complying with applicable service quality standards and consumer protection rules

In establishing this certification in its *2005 ETC Order*,¹ the FCC found that an ETC must make “a specific commitment to objective measures to protect consumers.” The Commission found that for wireless ETCs, compliance with CTIA’s Consumer Code for Wireless Service would satisfy this requirement” and that the sufficiency of other commitments would be considered on a case-by-case basis.² In this context, the FCC stated, “to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law, compliance with such laws may meet our requirement.”

Mountain Rural Telephone Cooperative (“Company”) hereby certifies that it is complying with applicable service quality standards and consumer protection rules. The Company is subject to consumer protection obligations under the Kentucky Revised Statutes (KRS) and Kentucky Administrative Regulations (KAR). These obligations include, but are not limited to, the following:

(1) filing a Local Exchange Tariff pursuant to the requirements of KRS Chapter 278.541 to 278.544 and 807 KAR 5:011, which disclose rates, terms and conditions of service to customers;

¹ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“*2005 ETC Order*”).

² *Id.* The FCC noted that under the CTIA Consumer Code, wireless carriers agree to: “(1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy.” *Id.* at 71.

(2) adherence to Kentucky state consumer protection requirements governing telephone providers which include Consumer protections as identified in KRS Chapter 278.546, Pricing Procedures as illustrated in KRS Chapter 278.542(1), and Compliance with Anti-Slamming Procedures as adopted in KRS Chapter 278.535;

(3) truth-in-billing requirements as required in 807 KAR 5:061, Section 13;

(4) CPNI, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy; and

(5) Records maintenance and service objectives reporting required under 807 KAR 5:061, Section 4 (4) related to the following: i) Provision of Service – 807 KAR 5:061, Section 10(1); ii) Dial Service Requirements – 807 KAR 5:061, Section 15(1) and (2); iii) Answering Time – 807 KAR 5:061, Section 22(1) and (2); and iv) Service Interruption – 807 KAR 5:061, Section 25(3) and (4).

Mountain Rural Telephone Cooperative
Demonstration of Ability to Function in Emergency Situations
47, Part 54, Subpart C, §54.202(a)(2)

Mountain Rural Telephone Cooperative (“Company”) hereby certifies that it is able to function in emergency situations as set forth in the Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.202(a)(2)¹ as well as the Kentucky Administrative Regulations, 807 5:061, Section 24. The Company’s network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2).

The Company meets its state and federal requirements by deploying generators and battery back-up capability throughout its network that allows it to remain fully operational even when power outages preclude the use of an external power source. Each central office is supplied with standby generators that allow its central offices to continue to operate in the event of a loss of external power. These generators are tested weekly for functionality and, to the extent practical, the Company maintains adequate fuel supplies to keep the generators functioning in extended power outages. In addition to the generators, each central office is also equipped with battery back-up that enables the central offices to keep running for at least a minimum of eight (8) hours.

¹ (1) Each telephone utility shall have a written plan to meet service emergencies resulting from failures of power service, sudden and prolonged increase in traffic, fire, storm, or acts of God. Each telephone utility shall train employees in procedure to be followed in an emergency. (2) All central offices and toll centers shall adequately provide for emergency power. Each central and/or toll office shall have a minimum of four (4) hours of battery reserve. In exchanges exceeding 5,000 lines and in toll offices, a permanent auxiliary power unit shall be installed. In offices without installed emergency power facilities there shall be a mobile power unit available of suitable capacity which can be delivered and connected within two (2) hours, or one-half (1/2) the battery reserve time, whichever is greater.

The Company's network back bone is fully redundant and operates in a ring configuration for instantaneous redirection of traffic in the event of facility damage. This ability to change its call routing also allows the Company to manage traffic spikes throughout its network, as emergency situations require. Additionally, within its network, critical end points are also ringed to allow network resiliency.

Additionally, as required by 807 KAR 5:061, Telephone, Section 24, the Company maintains a written plan in place to meet service emergencies resulting from failures of power service, sudden and prolonged increase in traffic, fire, storm, or acts of God, and has trained employees on emergency procedures.

Lifeline Procedures
FCC: 47 C.F.R. §54.422(a)(2)
PSC: Mountain Rural Telephone Cooperative General Subscriber Services
Tariff

Enclosed is the Company policy for our offering of the State and Federally-prescribed Lifeline programs to low-income customers within our service area. This Manual is just one part of our on-going effort to ensure that eligible consumers throughout our service area are aware of and can apply for the benefits of these programs. Further, these policies and guidelines support the internal educational and training efforts that we undertake so that we can inform potential customers of these programs.

General Information

1. One low-income credit is available per Household and is applicable to the primary residential connection only.
2. Lifeline customer may subscribe to any local service offering available to other residence customers.
3. CCR options with Full Toll blocking, if elected, will be provided at no charge to the Lifeline subscriber.
4. The deposit requirement is not applicable to a Lifeline customer who subscribes to full toll blocking. If a Lifeline customer removes full toll blocking prior to establishing an acceptable credit history, a deposit may be required. When applicable, advance payments will not exceed the connection and local service charges for one month.
5. The federal primary inter-exchange carrier charge (PICC) will not be billed to Lifeline customers who subscribe to full toll blocking and do not pre-subscribe to a long distance carrier(s).
6. A Lifeline subscriber's local service will not be disconnected for nonpayment of regulated toll charges. Local service may be denied for non-payment of local and miscellaneous service in accordance with our Tariff. Access to toll service may be denied for nonpayment of regulated tolls. A Lifeline subscriber's request for reconnection of local service will not be denied if the service was previously denied for non-payment of toll charges.
7. Lifeline is not available for resale.

Eligibility

To be eligible for a Lifeline credit, a customer must be a current recipient of any one of the following low-income assistance programs or have income at or below 135 percent of the Federal Poverty Guidelines (*Refer to Application for details*)

1. Supplemental Security Income (SSI)
2. Supplemental Nutrition Assistance Program
3. Medicaid
4. Federal public housing / Section 8
5. Low Income Home Energy Assistance Program (LIHEAP)
6. Temporary Assistance to Needy Families program (TANF)
7. National School Lunch's free program (NSL)

All applications for service are subject to verification with the state agency responsible for administration of the qualifying program.

1. Proof of eligibility in any of the qualifying low-income programs should be provided to the company at the time of application for service. The Lifeline credit will not be established until the Company has received proof of eligibility. If the customer requests installation prior to the company's receipt of proof of eligibility, the requested service will be provided without the Lifeline credit. When eligibility documentation is provided subsequent to installation, the Lifeline credit will be provided on a going forward basis.
2. Proof of eligibility shall be in the form of an affidavit, certifying under penalty of perjury, that the subscriber is receiving benefits under one of the qualifying programs. It is the customer's responsibility to notify the company when the customer is no longer participating in any of the qualifying programs.
3. The company reserves the right to periodically audit its records, working in conjunction with the appropriate state agencies, for the purpose of determining continuing eligibility. Information obtained during such audit will be treated as confidential information to the extent required under State and Federal law. The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the Lifeline plan.
4. When a customer is determined to be ineligible as a result of an audit, the company will contact the customer. If the customer cannot provide eligibility documentation, the Lifeline credit will be discontinued.

Credit for Lifeline Service

1. Lifeline is provided as a monthly credit on the eligible residential subscriber's access line bill for local service. Service charges may be applicable for installing or changing Lifeline service.
2. Service charges do not apply for converting existing service to Lifeline.
3. The Lifeline credit passed through to the customer consists of:

	<u>Federal</u>	<u>State</u>
Lifeline Credit	\$9.25	\$3.50

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME Mountain Rural Telephone Cooperative Corporation, Inc. (Prepared with Audited Data)	
<i>INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.</i>		PERIOD ENDING December, 2012	BORROWER DESIGNATION KY0506
<div style="text-align: center;">CERTIFICATION</div> <p><i>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</i></p> <p>ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</p> <p style="text-align: center;">DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII <i>(Check one of the following)</i></p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. </div> <div style="width: 45%;"> <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="text-align: center;">W Gillum</div> </div> <div style="width: 45%;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="text-align: center;">3/31/2013</div> <div style="text-align: center;">DATE</div> </div> </div>			

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	12,470,185	9,715,405	25. Accounts Payable	496,320	776,305
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable	(129,474)	(137,214)	28. Customer Deposits	86,376	89,316
b. Other Accounts Receivable	195,977	11,783	29. Current Mat. L/T Debt	975,000	1,650,000
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued	772,956	766,476
b. Other Accounts Receivable	761,769	1,927,795	33. Other Taxes Accrued	70,543	3,559
c. Notes Receivable			34. Other Current Liabilities	1,796,935	1,749,434
5. Interest and Dividends Receivable	10,261	9,234	35. Total Current Liabilities (25 thru 34)	4,198,130	5,035,090
6. Material-Regulated	579,870	2,328,882	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes	18,247,092	24,220,509
8. Prepayments	59,379	43,036	37. Funded Debt-RTB Notes	78	
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	13,947,967	13,898,921	39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development	21,359,736	22,707,668	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	34,980	35,987	46. Total Long-Term Debt (36 thru 45)	18,247,170	24,220,509
13. Nonregulated Investments	2,531,766	2,345,543	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities	(4,592,552)	(4,484,990)
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	23,926,482	25,089,198	50. Total Other Liabilities and Deferred Credits (47 thru 49)	(4,592,552)	(4,484,990)
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	79,215,964	85,074,198	51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	19,784,699	26,539,543	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates	136,644	134,127
22. Less Accumulated Depreciation	38,829,203	43,574,275	55. Other Capital	1,322,756	1,322,439
23. Net Plant (18 thru 21 less 22)	60,171,460	68,039,466	56. Patronage Capital Credits	50,330,259	51,228,142
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	28,403,502	29,572,268
			58. Total Equity (51 thru 57)	80,193,161	82,256,976
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		
	98,045,909	107,027,585		98,045,909	107,027,585

Total Equity = 76.86% % of Total Assets

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		KY0506	
		PERIOD ENDING	
INSTRUCTIONS- See RUS Bulletin 1744-2		December, 2012	
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM		PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		4,074,174	3,943,055
2. Network Access Services Revenues		9,409,249	8,940,554
3. Long Distance Network Services Revenues		572,449	415,386
4. Carrier Billing and Collection Revenues		246,159	1,229,976
5. Miscellaneous Revenues		412,222	550,704
6. Uncollectible Revenues		153,118	7,852
7. Net Operating Revenues (1 thru 5 less 6)		14,561,135	15,071,823
8. Plant Specific Operations Expense		3,430,428	3,311,688
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		957,865	1,021,468
10. Depreciation Expense		4,924,436	5,501,059
11. Amortization Expense			
12. Customer Operations Expense		1,338,277	1,288,628
13. Corporate Operations Expense		2,469,230	2,293,754
14. Total Operating Expenses (8 thru 13)		13,120,236	13,416,597
15. Operating Income or Margins (7 less 14)		1,440,899	1,655,226
16. Other Operating Income and Expenses			
17. State and Local Taxes		743,415	1,084,050
18. Federal Income Taxes			
19. Other Taxes			
20. Total Operating Taxes (17+18+19)		743,415	1,084,050
21. Net Operating Income or Margins (15+16-20)		697,484	571,176
22. Interest on Funded Debt		596,393	864,703
23. Interest Expense - Capital Leases			
24. Other Interest Expense		5,018	3,605
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)		601,411	868,308
27. Nonoperating Net Income		4,163,544	1,588,714
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income		1,361,303	1,438,145
31. Total Net Income or Margins (21+27+28+29+30-26)		5,620,920	2,729,727
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year		24,953,229	28,403,502
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital		2,170,647	1,560,961
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		28,403,502	29,572,268
40. Patronage Capital Beginning-of-Year		48,660,075	50,330,259
41. Transfers to Patronage Capital		2,170,647	1,560,961
42. Patronage Capital Credits Retired		500,463	663,078
43. Patronage Capital End-of-Year (40+41-42)		50,330,259	51,228,142
44. Annual Debt Service Payments		1,544,089	2,427,043
45. Cash Ratio [(14+20-10-11) / 7]		0.6139	0.5971
46. Operating Accrual Ratio [(14+20+26) / 7]		0.9934	1.0197
47. TIER [(31+26) / 26]		10.3462	4.1437
48. DSCR [(31+26+10+11) / 44]		7.2190	3.7490

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

KY0506

PERIOD ENDED

December, 2012

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
CAMPTON	17.63	10.63	470	1,947	2,417	732.00	154.00
EZEL	17.63	10.63	38	672	710	279.00	65.00
FRENCHBURG	17.63	10.63	435	2,616	3,051	583.00	166.00
HAZEL GREEN	17.63	10.63	58	786	844	213.00	40.00
JEPHTHA	17.63	10.63	63	835	898	249.00	55.00
SANDY HOOK	17.63	10.63	402	2,431	2,833	834.00	126.00
WEST LIBERTY	17.63	10.63	1,004	3,119	4,123	993.00	180.00
MobileWireless					0		
Route Mileage Outside Exchange Area						18.00	12.00
Total			2,470	12,406	14,876	3,901.00	798.00
No. Exchanges	7						

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

KY0506

PERIOD ENDED

December, 2012

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
CAMPTON	2,417	1,116	353	1,500	512	39.95	Package	Fiber to the Home
EZEL	710	361	122	1,500	512	39.95	Package	Fiber to the Home
FRENCHBURG	3,051	1,463	474	1,500	512	39.95	Package	Fiber to the Home
HAZEL GREEN	844	423	142	1,500	512	39.95	Package	Fiber to the Home
JEPHTHA	898	449	151	1,500	512	39.95	Package	Fiber to the Home
SANDY HOOK	2,833	1,346	441	1,500	512	39.95	Package	Fiber to the Home
WEST LIBERTY	4,123	1,847	566	1,500	512	39.95	Package	Fiber to the Home
Total	14,876	7,005						

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			BORROWER DESIGNATION KY0506 <hr/> PERIOD ENDING December, 2012		
INSTRUCTIONS- See RUS Bulletin 1744-2					
PART D. SYSTEM DATA					
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile	
47	35	1,094	13.60	3.81	
PART E. TOLL DATA					
1. Study Area ID Code(s) a. 260414 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one) <div style="display: flex; justify-content: space-between;"> <div> Interstate: <input type="checkbox"/> Average Schedule Intrastate: <input type="checkbox"/> Average Schedule </div> <div> <input checked="" type="checkbox"/> Cost Basis <input checked="" type="checkbox"/> Cost Basis </div> </div>			
PART F. FUNDS INVESTED IN PLANT DURING YEAR					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)				13,153,183	
6. Salvaged Materials				(215,883)	
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)				12,937,300	
PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development		1,347,932	4,780,000	17,927,668	22,707,668

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION	
	KY0506	
	PERIOD ENDING	
December, 2012		
PART H. CURRENT DEPRECIATION RATES		
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) <input checked="checked" type="checkbox"/> YES <input type="checkbox"/> NO		
EQUIPMENT CATEGORY	DEPRECIATION RATE	
1. Land and support assets - Motor Vehicles	12.10%	
2. Land and support assets - Aircraft		
3. Land and support assets - Special purpose vehicles		
4. Land and support assets - Garage and other work equipment	7.50%	
5. Land and support assets - Buildings	2.70%	
6. Land and support assets - Furniture and Office equipment	8.10%	
7. Land and support assets - General purpose computers	15.80%	
8. Central Office Switching - Digital	7.50%	
9. Central Office Switching - Analog & Electro-mechanical		
10. Central Office Switching - Operator Systems	15.00%	
11. Central Office Transmission - Radio Systems	9.10%	
12. Central Office Transmission - Circuit equipment	10.95%	
13. Information origination/termination - Station apparatus	15.00%	
14. Information origination/termination - Customer premises wiring		
15. Information origination/termination - Large private branch exchanges		
16. Information origination/termination - Public telephone terminal equipment		
17. Information origination/termination - Other terminal equipment		
18. Cable and wire facilities - Poles	5.60%	
19. Cable and wire facilities - Aerial cable - Metal	6.60%	
20. Cable and wire facilities - Aerial cable - Fiber	5.10%	
21. Cable and wire facilities - Underground cable - Metal	5.00%	
22. Cable and wire facilities - Underground cable - Fiber		
23. Cable and wire facilities - Buried cable - Metal	5.50%	
24. Cable and wire facilities - Buried cable - Fiber		
25. Cable and wire facilities - Conduit systems	2.20%	
26. Cable and wire facilities - Other		

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		KY0506	
		PERIOD ENDED December , 2012	
INSTRUCTIONS – See help in the online application.			
PART I – STATEMENT OF CASH FLOWS			
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		12,470,185	
CASH FLOWS FROM OPERATING ACTIVITIES			
2. Net Income		2,729,727	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
3.	Add: Depreciation	5,501,059	
4.	Add: Amortization	0	
5.	Other (Explain) Misc, Depre Exp, Affiliates AR	(761,440)	
Changes in Operating Assets and Liabilities			
6.	Decrease/(Increase) in Accounts Receivable	(974,092)	
7.	Decrease/(Increase) in Materials and Inventory	(1,749,012)	
8.	Decrease/(Increase) in Prepayments and Deferred Charges	16,343	
9.	Decrease/(Increase) in Other Current Assets	0	
10.	Increase/(Decrease) in Accounts Payable	279,985	
11.	Increase/(Decrease) in Advance Billings & Payments	0	
12.	Increase/(Decrease) in Other Current Liabilities	(47,501)	
13. Net Cash Provided/(Used) by Operations		4,995,069	
CASH FLOWS FROM FINANCING ACTIVITIES			
14.	Decrease/(Increase) in Notes Receivable	0	
15.	Increase/(Decrease) in Notes Payable	0	
16.	Increase/(Decrease) in Customer Deposits	2,940	
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	6,648,339	
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	107,562	
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	(2,834)	
20.	Less: Payment of Dividends	0	
21.	Less: Patronage Capital Credits Retired	(663,078)	
22.	Other (Explain) Acc Taxes	(66,984)	
23. Net Cash Provided/(Used) by Financing Activities		6,025,945	
CASH FLOWS FROM INVESTING ACTIVITIES			
24.	Net Capital Expenditures (Property, Plant & Equipment)	(12,613,078)	
25.	Other Long-Term Investments	(1,162,716)	
26.	Other Noncurrent Assets & Jurisdictional Differences	0	
27.	Other (Explain)		
28. Net Cash Provided/(Used) by Investing Activities		(13,775,794)	
29. Net Increase/(Decrease) in Cash		(2,754,780)	
30. Ending Cash		9,715,405	

Revision Date 2010

<div>USDA-RUS</div> <div>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	<div>BORROWER DESIGNATION</div> <div>KY0506</div>
<div>INSTRUCTIONS - See RUS Bulletin 1744-2</div>	<div>PERIOD ENDED</div> <div>December, 2012</div>
<div>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	

<div>USDA-RUS</div> <div>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	<div>BORROWER DESIGNATION</div> <div>KY0506</div>
<div>INSTRUCTIONS - See RUS Bulletin 1744-2</div>	<div>PERIOD ENDED</div> <div>December, 2012</div>
<div>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME Mountain Rural Telephone Cooperative Corporation, Inc. (Prepared with Audited Data)	
INSTRUCTIONS -Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2011	BORROWER DESIGNATION KY0506
CERTIFICATION <i>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</i> ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES. DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII <i>(Check one of the following)</i>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. </div> <div style="width: 45%;"> <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report </div> </div>		
<div style="border-bottom: 1px solid black; width: 150px; margin: 0 auto;">W Gillum</div>	<div style="border-bottom: 1px solid black; width: 100px; margin: 0 auto;">3/30/2012</div> <div style="margin-top: 5px;">DATE</div>	

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	13,861,976	12,470,185	25. Accounts Payable	551,749	496,320
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable	(155,364)	(129,474)	28. Customer Deposits	88,926	86,376
b. Other Accounts Receivable	101,607	195,977	29. Current Mat. L/T Debt	950,000	975,000
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued	776,000	772,956
b. Other Accounts Receivable	136,890	761,769	33. Other Taxes Accrued	21,471	70,543
c. Notes Receivable			34. Other Current Liabilities	1,749,324	1,796,935
5. Interest and Dividends Receivable	11,289	10,261	35. Total Current Liabilities (25 thru 34)	4,137,470	4,198,130
6. Material-Regulated	202,199	579,870	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes	3,613,314	18,247,092
8. Prepayments	68,756	59,379	37. Funded Debt-RTB Notes	5,150	78
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	14,227,353	13,947,967	39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development	17,817,632	21,359,736	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	31,597	34,980	46. Total Long-Term Debt (36 thru 45)	3,618,464	18,247,170
13. Nonregulated Investments	2,279,551	2,531,766	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities	(4,122,969)	(4,592,552)
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	20,128,780	23,926,482	50. Total Other Liabilities and Deferred Credits (47 thru 49)	(4,122,969)	(4,592,552)
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	71,553,489	79,215,964	51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	8,901,421	19,784,699	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates	139,376	136,644
22. Less Accumulated Depreciation	36,102,444	38,829,203	55. Other Capital	1,322,954	1,322,756
23. Net Plant (18 thru 21 less 22)	44,352,466	60,171,460	56. Patronage Capital Credits	48,660,075	50,330,259
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	24,953,229	28,403,502
			58. Total Equity (51 thru 57)	75,075,634	80,193,161
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		
	78,708,599	98,045,909		78,708,599	98,045,909

Total Equity = 81.79% % of Total Assets

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		KY0506	
		PERIOD ENDING	
INSTRUCTIONS- See RUS Bulletin 1744-2		December, 2011	
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM		PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		4,082,730	4,074,174
2. Network Access Services Revenues		8,903,773	9,409,249
3. Long Distance Network Services Revenues		417,468	572,449
4. Carrier Billing and Collection Revenues		254,695	246,159
5. Miscellaneous Revenues		371,223	412,222
6. Uncollectible Revenues		9,144	153,118
7. Net Operating Revenues (1 thru 5 less 6)		14,020,745	14,561,135
8. Plant Specific Operations Expense		3,638,316	3,430,428
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		899,676	957,865
10. Depreciation Expense		4,575,688	4,924,436
11. Amortization Expense			
12. Customer Operations Expense		1,535,456	1,338,277
13. Corporate Operations Expense		1,691,530	2,469,230
14. Total Operating Expenses (8 thru 13)		12,340,666	13,120,236
15. Operating Income or Margins (7 less 14)		1,680,079	1,440,899
16. Other Operating Income and Expenses			
17. State and Local Taxes		609,462	743,415
18. Federal Income Taxes			
19. Other Taxes			
20. Total Operating Taxes (17+18+19)		609,462	743,415
21. Net Operating Income or Margins (15+16-20)		1,070,617	697,484
22. Interest on Funded Debt		291,586	596,393
23. Interest Expense - Capital Leases			
24. Other Interest Expense		4,763	5,018
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)		296,349	601,411
27. Nonoperating Net Income		2,909,475	4,163,544
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income		1,457,884	1,361,303
31. Total Net Income or Margins (21+27+28+29+30-26)		5,141,627	5,620,920
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year		22,438,418	24,953,229
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital		2,626,816	2,170,647
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		24,953,229	28,403,502
40. Patronage Capital Beginning-of-Year		47,328,031	48,660,075
41. Transfers to Patronage Capital		2,626,816	2,170,647
42. Patronage Capital Credits Retired		1,294,772	500,463
43. Patronage Capital End-of-Year (40+41-42)		48,660,075	50,330,259
44. Annual Debt Service Payments		1,190,715	1,544,089
45. Cash Ratio [(14+20-10-11) / 7]		0.5973	0.6139
46. Operating Accrual Ratio [(14+20+26) / 7]		0.9448	0.9934
47. TIER [(31+26) / 26]		18.3499	10.3462
48. DSCR [(31+26+10+11) / 44]		8.4098	7.2190

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

KY0506

PERIOD ENDED

December, 2011

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
CAMPTON	17.63	10.63	476	1,973	2,449	577.00	57.00
EZEL	17.63	10.63	39	695	734	214.00	58.00
FRENCHBURG	17.63	10.63	445	2,667	3,112	416.00	69.00
HAZEL GREEN	17.63	10.63	61	800	861	172.00	39.00
JEPHTHA	17.63	10.63	61	845	906	194.00	30.00
SANDY HOOK	17.63	10.63	411	2,459	2,870	707.00	45.00
WEST LIBERTY	17.63	10.63	982	3,283	4,265	810.00	137.00
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			2,475	12,722	15,197	3,090.00	435.00
No. Exchanges	7						

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

KY0506

PERIOD ENDED

December, 2011

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
CAMPTON	2,449	1,030	145	1,500	512	39.95	Package	
EZEL	734	341	48	1,500	512	39.95	Package	
FRENCHBURG	3,112	1,358	191	1,500	512	39.95	Package	
HAZEL GREEN	861	395	55	1,500	512	39.95	Package	
JEPHTA	906	417	59	1,500	512	39.95	Package	
SANDY HOOK	2,870	1,253	176	1,500	512	39.95	Package	
WEST LIBERTY	4,265	1,748	247	1,500	512	39.95	Package	
Total	15,197	6,542						

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			BORROWER DESIGNATION KY0506 <hr/> PERIOD ENDING December, 2011		
INSTRUCTIONS- See RUS Bulletin 1744-2					
PART D. SYSTEM DATA					
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile	
44	37	1,094	13.89	4.92	
PART E. TOLL DATA					
1. Study Area ID Code(s) a. 260414 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one) <div style="display: flex; justify-content: space-between;"> <div> Interstate: <input type="checkbox"/> Average Schedule Intrastate: <input type="checkbox"/> Average Schedule </div> <div> <input checked="" type="checkbox"/> Cost Basis <input checked="" type="checkbox"/> Cost Basis </div> </div>			
PART F. FUNDS INVESTED IN PLANT DURING YEAR					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)				20,724,927	
6. Salvaged Materials				(18,503)	
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)				20,706,424	
PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development		3,542,104	4,780,000	16,579,736	21,359,736

<div>USDA-RUS</div> <div>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	BORROWER DESIGNATION	
	KY0506	
	PERIOD ENDING	
December, 2011		
PART H. CURRENT DEPRECIATION RATES		
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) <div> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO </div>		
EQUIPMENT CATEGORY		DEPRECIATION RATE
1. Land and support assets - Motor Vehicles		12.10%
2. Land and support assets - Aircraft		
3. Land and support assets - Special purpose vehicles		
4. Land and support assets - Garage and other work equipment		7.50%
5. Land and support assets - Buildings		2.70%
6. Land and support assets - Furniture and Office equipment		8.10%
7. Land and support assets - General purpose computers		15.80%
8. Central Office Switching - Digital		7.50%
9. Central Office Switching - Analog & Electro-mechanical		
10. Central Office Switching - Operator Systems		15.00%
11. Central Office Transmission - Radio Systems		9.10%
12. Central Office Transmission - Circuit equipment		10.95%
13. Information origination/termination - Station apparatus		15.00%
14. Information origination/termination - Customer premises wiring		
15. Information origination/termination - Large private branch exchanges		
16. Information origination/termination - Public telephone terminal equipment		
17. Information origination/termination - Other terminal equipment		
18. Cable and wire facilities - Poles		5.60%
19. Cable and wire facilities - Aerial cable - Metal		6.60%
20. Cable and wire facilities - Aerial cable - Fiber		5.10%
21. Cable and wire facilities - Underground cable - Metal		5.00%
22. Cable and wire facilities - Underground cable - Fiber		
23. Cable and wire facilities - Buried cable - Metal		5.50%
24. Cable and wire facilities - Buried cable - Fiber		
25. Cable and wire facilities - Conduit systems		2.20%
26. Cable and wire facilities - Other		

USDA-RUS		BORROWER DESIGNATION KY0506	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		PERIOD ENDED December , 2011	
		INSTRUCTIONS – See help in the online application.	
PART I – STATEMENT OF CASH FLOWS			
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		13,861,976	
CASH FLOWS FROM OPERATING ACTIVITIES			
2. Net Income		5,620,920	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
3. Add: Depreciation		4,924,436	
4. Add: Amortization		0	
5. Other (Explain) Offset #3 Depre to show exp not accumulated		(237,075)	
Changes in Operating Assets and Liabilities			
6. Decrease/(Increase) in Accounts Receivable		(745,139)	
7. Decrease/(Increase) in Materials and Inventory		(377,671)	
8. Decrease/(Increase) in Prepayments and Deferred Charges		9,377	
9. Decrease/(Increase) in Other Current Assets		0	
10. Increase/(Decrease) in Accounts Payable		(55,429)	
11. Increase/(Decrease) in Advance Billings & Payments		0	
12. Increase/(Decrease) in Other Current Liabilities		47,611	
13. Net Cash Provided/(Used) by Operations		9,187,030	
CASH FLOWS FROM FINANCING ACTIVITIES			
14. Decrease/(Increase) in Notes Receivable		0	
15. Increase/(Decrease) in Notes Payable		0	
16. Increase/(Decrease) in Customer Deposits		(2,550)	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		14,653,706	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		(469,583)	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		(2,930)	
20. Less: Payment of Dividends		0	
21. Less: Patronage Capital Credits Retired		(500,463)	
22. Other (Explain)			
23. Net Cash Provided/(Used) by Financing Activities		13,678,180	
CASH FLOWS FROM INVESTING ACTIVITIES			
24. Net Capital Expenditures (Property, Plant & Equipment)		(18,545,753)	
25. Other Long-Term Investments		(3,797,702)	
26. Other Noncurrent Assets & Jurisdictional Differences		0	
27. Other (Explain) Other Investing		(1,913,546)	
28. Net Cash Provided/(Used) by Investing Activities		(24,257,001)	
29. Net Increase/(Decrease) in Cash		(1,391,791)	
30. Ending Cash		12,470,185	

Revision Date 2010

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION KY0506
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2011
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

<div>USDA-RUS</div> <div>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	<div>BORROWER DESIGNATION</div> <div>KY0506</div>
<div>INSTRUCTIONS - See RUS Bulletin 1744-2</div>	<div>PERIOD ENDED</div> <div>December, 2011</div>
<div>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	